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Held at Headquarters, New York, on Tuesday, 6 November 2001, at 10 a.m.

Chairman: Mr. Effah-Appenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-62166 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 130: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*) (A/56/83, A/56/128, A/56/381)

1. **Mr. Flamarzi** (Qatar) noted with satisfaction that the audits, inspections and investigations conducted by the Office of Internal Oversight Services (OIOS) during the period under consideration had led to recommendations which would enable savings to be made or funds to be recovered for a total amount of approximately $58 million. In order to improve results still further, OIOS, the Joint Inspection Unit and the Board of Auditors should continue to coordinate their efforts in accordance with the recommendation made by the Committee for Programme and Coordination at its forty-first session.

2. The Office had issued a total of 2,105 recommendations, only 53 per cent of which had been implemented. Moreover, only 46 per cent of the 577 critical recommendations had been implemented. In the case of the Office of the United Nations High Commissioner for Refugees (UNHCR), only 44 per cent of the 124 critical recommendations had been implemented, 24 per cent were in the process of being implemented and the Office had not received detailed replies concerning the remaining 32 per cent. The Office had issued 334 recommendations to the Department of Peacekeeping Operations, of which only 185 had been implemented. The Office should ensure rapid implementation of the remainder of its recommendations by the Department of Peacekeeping Operations, UNHCR and the other departments concerned so as to avoid wastage.

3. It was particularly important to monitor developments in the following matters: the audit carried out in Kosovo, which had revealed that the implementing partners had failed to disclose almost $400,000 of exchange rate gains made with UNHCR project funds and that they had often not complied with procurement procedures, resulting in estimated losses of $340,000, of which $60,000 had been recovered; the advance of $2.6 million which had still not been recovered by the Office for the Coordination of Humanitarian Affairs (OCHA) in Geneva; and the payment of $133,000 by the United Nations Mission in Sierra Leone (UNAMSIL) to a service contractor from which it had not received the expected services.

4. His delegation deplored the fact that almost half of the staff of the missions were untrained in the use of critical field information technology systems, as the Office indicated in paragraph 100 of its report (A/56/381), and that a total amount of approximately $400,000 was significantly overdue, because the Department of Public Information did not have an effective system for tracking and monitoring audit recommendations and because accounts receivable were not adequately managed.

5. His delegation supported the observations formulated in the report concerning the need to review mission subsistence allowance (MSA) rates regularly to ensure that they remained in line with the cost of living (para. 89). It approved the administrative instructions that had been issued to ensure that telephones were not used to make personal calls and the establishment for that purpose of a system to identify callers (para. 156). It welcomed the fact that the recruitment time line had been reduced from 388 to 275 days (para. 171). It approved the proposals concerning the merging of the monitoring, inspection and evaluation functions (para. 225) and the restructuring of internal oversight activities into three subprogrammes: Audit; Monitoring, evaluation and consulting; and Investigations (para. 226). It was in favour of establishing an investigations unit in Geneva and of transforming the Investigations Section in New York into a division (para. 227). Lastly, it approved the proposal concerning the use of an online service on the Intranet to ascertain to what extent departments applied the recommendations concerning them.

6. It was important to strengthen the role of OIOS in order to assist it in carrying out its mission in all sectors, while ensuring that the Office's budget was better managed and that there was greater transparency in recruitment.

7. **Mr. Ahmed** (Iraq) noted the comments contained in the report of the Office of Internal Oversight Services (A/56/381) concerning assessment of the financial activities of the Office of the Iraq Programme and United Nations agencies working with it. Although those comments testified to the professionalism of the Office of Internal Oversight Services (OIOS), it was regrettable that they were not more detailed and did not provide a more precise picture of management omissions and irregularities concerning humanitarian programme funds and the operating expenditure of the Compensation Commission. He wished to stress, in

that connection, that the expenditure in question — which was huge — had been denounced by the Iraqi Government. His delegation would have wished the report to be more precise like the previous year's report (A/55/436), and to have provided examples of irregularities in the financial management of the Programme. With regard to the previous year's report, his delegation would be submitting a draft resolution containing a request to the Secretary-General to notify the Security Council of the infringements of the Financial Rules and Regulations that had been observed in the management of the Iraq Programme.

8. His delegation noted, in paragraph 53 of the report, that the Office of Internal Oversight Services had established a dedicated audit section for Iraq Programme activities to address the risks associated with that multifaceted programme. His delegation considered that that was a necessary measure to protect Iraqi funds and welcomed the spirit of responsibility demonstrated by the Office in that connection. However, he wished to point out that those were Iraqi funds, not funds emanating from international donors, and that the Office of the Iraq Programme carried out its humanitarian programme in the north of Iraq on behalf of the Government of Iraq. It must thus make particular efforts to ensure respect for the rules and restrictions so that the funds entrusted to it were managed properly. Without calling the role and competence of the Office in that area into question, his delegation considered that the Iraqi Government had a basic right to participate in the financial monitoring of the activities both of the Office and of the Compensation Commission, and, moreover, that such participation would prove useful. It thus officially requested that an experienced Iraqi audit office should be allowed to participate in the work of the Office of the Iraq Programme, using skilled auditors, in order to assist the Office in carrying out its work effectively.

9. The Office of Internal Oversight Services and the Secretary-General should draw the attention of the Security Council to the management irregularities and mistakes that had been observed, and to the risks relating to the amounts in question — $6 billion — as well as to the fact that no United Nations agency had ever before had to manage a programme of such magnitude. Moreover, the problem of management irregularities — which had assumed considerable proportion — concerned not only the Iraq Programme, but also other United Nations funds and programmes. It affected the reputation of the Organization and undermined its ability to manage financial resources.

10. The methods of awarding contracts used by United Nations agencies implementing the Programme were far removed not only from the standards and rules followed by the United Nations in subcontracting and outsourcing, but also from the practices of States in awarding public contracts. United Nations agencies used a turnkey contract formula, in most cases, which made those contracts extremely expensive. Furthermore, many contracts were not tailored either to regional characteristics or to the objectives sought, nor did they conform to the criteria applied in Central and Southern Iraq.

11. Moreover, the Iraq Programme and many United Nations agencies refused to keep the Government of Iraq informed of purchase contracts or contracts concluded with a number of technical and other experts in the guise of assessment and consultation missions. It was, in fact, a question of spending as many Iraqi resources as possible, whereas the role of the United Nations should be to provide the best possible services and materials to meet the country's humanitarian needs. Iraq had thus become one of the principal donors for United Nations programmes and agencies that employed a plethora of officials, as well as their relatives and friends, who would otherwise be without employment. The Office of Internal Oversight Services should ensure that expenditures made under the Iraq Programme, in particular those attributed to the 13 per cent account (programme for the north of Iraq) and the 2.2 per cent account (operating costs) were subjected to a real audit. It was also vital that the Government of Iraq should participate in such an exercise and that an independent audit office should examine the activities from a financial and administrative point of view to shed light on the management irregularities and to hold those responsible accountable.

12. **Mr. Yussuf** (United Republic of Tanzania) welcomed the considerable efforts made by the Office of Internal Oversight Services (OIOS) to improve its relations with management and with all members of the governing bodies and to coordinate its programme of work with other oversight bodies, including the Joint Inspection Unit (JIU), whose recommendations had yet to be implemented. In that connection, the opinion of OIOS could make a significant contribution towards avoiding duplication in the work programmes of the

various bodies and, above all, ensuring the implementation of JIU recommendations in due time.

13. His delegation welcomed the fact that OIOS had decided to modify its reporting format to include qualitative assessments of the way in which its clients implemented those recommendations which it defined as critical, and it wished to encourage the other oversight bodies to follow suit. It also noted with satisfaction that 2,105 recommendations had been issued by OIOS during the reporting period, of which 577 had been classified as critical, and that the overall implementation rate for all recommendations was 53 per cent. It invited the bodies concerned to take the necessary measures to ensure that the bulk of the critical recommendations were implemented within a reasonable time frame.

14. It was remarkable that the issuance of specific recommendations by OIOS had made possible savings or recoveries of approximately $58 million. His delegation was particularly pleased with the excellent results achieved by the Office of the United Nations High Commissioner for Human Rights in implementing the recommendations concerning its operations in Burundi and Colombia.

15. Thanks to the sanctions taken against fraud, waste and corruption, OIOS investigations served as an effective deterrent. The Office's work was particularly useful in cases of corruption such as those at the Nairobi branch office of the Office of the United Nations High Commissioner for Refugees (UNHCR), in cases of poor management such as the one at the United Nations Office for Drug Control and Crime Prevention (ODCCP) and in cases of embezzlement, such as the one at the United Nations Interim Administration Mission in Kosovo (UNMIK). Given the repercussions that the reprehensible actions of a few individuals could have, it was now more important than ever to strengthen the role of the various oversight bodies.

16. **Mr. Fujii** (Japan) welcomed the new measures taken by OIOS, in particular the classification of recommendations according to their importance, and approved the criteria for classifying a recommendation as critical, as set out in paragraph 8 of the Office's report (A/56/381). He hoped that the organizations in question would spare no effort in applying all the recommendations relating to priority matters, in particular in ensuring that justice would be done in cases of fraud, embezzlement and other reprehensible acts.

17. He expressed concern about the proposal mentioned in paragraph 43 of the report regarding the establishment of a multinational task force in which investigators seconded by a number of countries would carry out investigations for the Office and requested more detailed information about the way such a mechanism would function.

18. **Mr. Nakkari** (Syrian Arab Republic) expressed surprise that the recommendations of OIOS were not in bold print in its report (A/56/381). That was contrary to the provisions of General Assembly resolutions 54/248 and 55/222 concerning the pattern of conferences, which stated that documents submitted to legislative organs should have conclusions and recommendations in bold print.

19. He further expressed disappointment that OIOS had merely provided a summary of its activities for each department without specifying the object of its recommendations, and had only mentioned recommendations that had not been applied. From its reading of the report, his delegation was unable to find information on the most important recommendations.

20. Furthermore, he questioned the advisability of classifying the recommendations according to their importance, as that implied that there was a hierarchy of priority for their implementation and that the application of some recommendations could be deferred. If the recommendations were justified, then they should all be applied. While the implementation rate for recommendations was admittedly good in general, it was still not commensurate with the expectations of delegations. His delegation therefore wondered to what extent recommendations were binding. If the departments were to be obliged to follow up on them, the Office's recommendations should be adopted by the General Assembly, which would then be able to monitor their implementation.

21. Many of the recommendations pertained to audits and he wondered whether there was a conflict between the activities of OIOS and those of the Board of Auditors.

22. His delegation welcomed the schedule of evaluations adopted by the Committee for Programme and Coordination (CPC) and noted with interest that, as mentioned in paragraph 222 of the report, OIOS would

undertake an evaluation of the Office of Legal Affairs in 2002. He also noted that, in paragraph 225 of the report, OIOS proposed a merger of the monitoring, inspection and evaluation functions. His delegation would follow that matter closely and would consider the cost-effectiveness of such a merger. It nonetheless had some questions about the intentions of the Office when at the same time it proposed that, in the forthcoming revisions to the medium-term plan for the period 2002-2005, internal oversight services should be restructured into three subprogrammes: audit, evaluation and consulting, and investigations. It hoped that the Under-Secretary-General for Internal Oversight Services would be able to shed some light on that subject. He would address the question of the establishment of new posts during the debate on the relevant chapter of the proposed programme budget.

23. **Mr. Repasch** (United States of America) requested that the recommendations contained in the report drawn up by OIOS following the audit of UNHCR operations in Albania should be followed up rapidly. It was also important that ODCCP should as soon as possible implement the report's recommendations relating to its management and administrative practices, the summary of which amounted to a genuine catalogue of errors to be avoided. According to indications in the report, OIOS had made it clearly understood to the Executive Director that the situation must not continue, and that he must urgently proceed with radical reforms. The Under-Secretary-General had told the Fifth Committee that OIOS would report in spring 2002 on the follow-up to its recommendations. His delegation believed that the Office should do so forthwith, as it was urgent to restore staff confidence and the staff representatives had recently expressed their concerns. It would also like rapidly to receive the report on the investigation into the "Boat Project". He emphasized that his delegation could not take a position on the relevant chapter of the proposed programme budget without receiving the requested information.

24. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services), replying to delegations, said that the number of recommendations mentioned in the OIOS report for the previous year did not take into account the observations of the auditors; the latter were included in the 2,105 recommendations for the year under consideration. The figures were not therefore fully comparable.

25. The Office of Internal Oversight Services was carefully monitoring the implementation of its recommendations by the departments, each of which was expected to report to the Office within the specified time limits. The percentage of recommendations implemented was 98 per cent for those issued between July 1997 and June 1998, 94 per cent for those relating to the period July 1998-June 1999 and 72 per cent for the period July 1999-June 2000. In future, statistics of that type would be reported to the Member States as a matter of course. The Office was also ready to arrange informal information meetings for delegations, as had been suggested.

26. With reference to the audit of the Office of the Iraq Programme, he pointed out that the OIOS report on its activities was a summary of the individual reports and that the detailed report that was prepared following an inspection was always submitted to the department to which the recommendations were addressed. The Office drew the attention of the Member States to the recommendations which had not been implemented. In the case of the Office of the Iraq Programme, only four recommendations were regarded as critical on account of their scope or their financial implications. First, OIOS had insisted that compensation must not be paid unless its validity had been verified. Second, it had requested that additional guidelines should be provided to implementing agencies on project selection criteria. Third, it had recommended that the modalities for conducting post-implementation reviews of projects implemented by United Nations agencies should be examined. Fourth, it had requested implementing agencies to evaluate the performance of their suppliers to establish whether they should be used again.

27. With respect to the investigation that had been carried out by a special international team on the problem of bribery and extortion of refugees who had approached the UNHCR branch office in Nairobi, he said that a detailed report was being prepared and would shortly be made available to delegations.

28. Referring to the presentation of the recommendations, he said that, where the recommendations of OIOS were addressed to the Member States, through the Committee for Programme and Coordination, they were in bold print, unlike the recommendations addressed to programme managers. He pointed out, in that connection, that the vast majority of programme managers took the

recommendations very seriously even if they had not been explicitly approved by the General Assembly. That was confirmed by the implementation rates to which he had drawn attention.

29. The reasons why a reorganization of OIOS had been proposed had been explained in detail to the Committee for Programme and Coordination and to the Advisory Committee on Administrative and Budgetary Questions. They could also be submitted to delegations when they considered the relevant section of the budget. The main idea behind the proposals was to make optimum use of human and financial resources while endeavouring to enhance the effects of synergy.

30. With regard to the audit of the United Nations Office for Drug Control and Crime Prevention, OIOS had made 14 recommendations. It would be in a position to give a briefing to delegations on their implementation during informal consultations, on the basis of information received from the Vienna Office. A report could only be submitted following the inspection which had to be carried out on the spot. Finally, the reason why the investigation report on the "Boat Project" had not yet been issued was that disciplinary proceedings had been initiated.

31. **Mr. Nakkari** (Syrian Arab Republic) said that it appeared from the explanations of the Under-Secretary-General that the recommendations appearing in the report under consideration were not in bold print because they did not require a decision by the General Assembly. However, in the note by the Secretary-General transmitting the report, reference was made to resolution 54/244. In that resolution, the Assembly had requested the Secretary-General to transmit to it the reports of the Office for its consideration and action. His delegation concluded that the recommendations of the Office could be considered by the Member States, which could reject them if they were likely to jeopardize the implementation of mandated activities. As his delegation did not wish to reopen the long debate that had preceded the adoption of resolution 54/244, it would revert to the matter of the role of the General Assembly during the informal consultations.

32. **Ms. Silot Bravo** (Cuba) noted with interest that the report of OIOS gave a more accurate picture than previous reports of the activities of the Office, the scope of its recommendations and the action taken thereon. In the part of the introduction relating to the mandate of the Office, resolution 54/244 seemed to be regarded as less important than resolution 48/218 B. Indeed, the intention of the General Assembly in the later resolution had merely been to clarify certain points such as the submission of the reports of the Office.

33. In its future reports, OIOS should place more emphasis on the consideration, by intergovernmental bodies, of reports concerning evaluation, oversight and other priority issues identified by the General Assembly or other organs. For example, the Office could turn its attention to peacekeeping and the implementation of the report of the United Nations Panel on Peace Operations, particularly in view of the steady increase in funding for those activities and the Member States' wish to ensure that those resources were used to best advantage. OIOS could also look at results-based budgeting and its impact on programme effectiveness and programme evaluation.

34. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services) recalled, in reply to the Syrian delegation, that the issue raised had already been discussed at length. His Office's recommendations were addressed to programme managers, and should be implemented expeditiously. If they became subject to prior approval by the General Assembly, a great deal of time would be lost and the impact in terms of resources could be unfavourable. Nonetheless, the Office was accountable to the General Assembly, which could certainly issue directives to OIOS if it so desired.

Agenda item 127: United Nations common system
(A/56/30 and A/56/485)

35. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission) said that, for 27 years, the Commission had had the heavy and challenging responsibility of regulating and coordinating the conditions of service of some 55,000 staff members working in organizations throughout the world that were highly diverse in terms of size, mandate and structure.

36. One of the main parts of the Commission's report was the review of the pay and benefits system. That system was a priority element of the framework for human resources management approved by the General Assembly, which would be distributed as a brochure in all the official languages of the United Nations. The system, which was being reviewed at a time when all the common-system organizations were undergoing

reforms, dated back to an earlier era and remained rooted in the past. The current emphasis on teamwork and individual contributions, together with the introduction of new technology, had radically changed workplace dynamics and had redefined roles and functions. Information was currently processed at lightning speed, and the technological revolution required staff with new skills and managers who were computer-literate and fully at ease in a high-technology environment.

37. The Commission had organized a series of focus groups consisting of a broad range of individuals, whose role had been to consider three aspects of the pay system to lay the groundwork for possible changes to that system. The focus groups had served their purpose well, and their proposals, which had been prepared with the participation of all parties concerned, were contained in the Commission's report.

38. Over the past year, the Commission had analysed the many complex problems that beset the current system and had tried to identify solutions. The task was particularly delicate, in view of the fears prompted by change and the concern for equity that must govern any reform of the system. The Commission had therefore discussed at length, with its interlocutors, the dynamics and management of change, since the system must either change or risk becoming a victim of change.

39. The Commission's report provided detailed explanations of the complexity and urgency of the issues to be addressed. The details of possible solutions had not yet been worked out, but the innovations being considered, including broad-banded pay systems, performance pay and bonuses and the creation of a senior executive cadre, were hardly revolutionary. Many of those approaches had been introduced in recent years by a number of national civil services, including the comparator; in fact, the senior executive service and, in some agencies, broad-banded systems had long been features of the comparator civil service.

40. The Commission, in its next report, would submit for the General Assembly's consideration concrete proposals formulated by working groups from what were currently only general ideas. The aim was to provide tools and approaches within the projected time frame, bearing in mind, however, that it would be unwise to sacrifice quality for speed. It was therefore possible that only those proposals that were ready after just two years of preparation would be presented, while the others would require more time. In view of the importance of the objectives sought, excessive haste would be as undesirable as excessive slowness.

41. He recalled that the objective of the Commission's review was to create a competitive pay system that would enable the organizations to attract, develop and retain high-quality staff. Opinions were divided as to how far United Nations pay levels deviated from what they should be, but no one denied that the current system was cumbersome and unable to adjust to outside market pressures. Such adaptability was essential, particularly with respect to high-demand specialities. Modernization of the pay system, whose design and management were directly linked to the achievement of results, would be beneficial not only to the organizations, whose compensation practices must be aligned with their strategic goals, but also to their staff, who required a clear understanding of the connection between their work and the goals of their organization. It was necessary to adopt flexible compensation policies that rewarded individual and team contributions to the organizations' goals. The road ahead was rocky, but the organizations must seize the opportunity to build on the momentum created by the ongoing reforms to innovate in response to new challenges and to provide the international civil service with a pay system that met the demands of the twenty-first century.

42. Standards of conduct for the international civil service also fell within the framework for human resources management. After working on them for two years, ICSC had set out the revised standards in annex II to its report. While it was not easy to improve upon the work of the members of the International Civil Service Advisory Board who were the authors of the 1954 standards, the changes that had taken place since then, especially in the workplace, nevertheless had to be taken into account. The text before the Committee was a closely calibrated product that blended the ideas of all parties and was the outcome of negotiations which had resulted in a text that best balanced the concerns of all.

43. Contractual arrangements were an element of the framework for human resources management related both to the reform of the pay and benefits system and to the changing nature of work. Following the preliminary examination described in its report, the Commission planned to continue to study the matter and to propose a catalogue of flexible contracts from

which organizations could select and adapt according to their specific needs.

44. The Commission's report also contained the results of the place-to-place surveys for headquarters duty stations, Berne and Washington, D.C. The results had been approved by the Advisory Committee on Post Adjustment Questions and then by the Commission itself, which had noted that the increased post adjustment for all locations surveyed had been brought about by a combination of factors and that the survey had been carried out in accordance with the accepted methodology.

45. In addition, the report contained the results of a survey of best prevailing conditions of service for General Service staff in Rome and a similar survey done in New York for the Language Teachers category, as well as details as to how those surveys had been conducted and the salary scales recommended. After analysing two judgements of the International Labour Organization Administrative Tribunal concerning the phasing-out of compensation for the language factor in Rome and Vienna, the Commission had decided to maintain its decision to abolish it in the case of Rome. Since knowledge of one of the working languages of an organization was essential for working there, there was no reason to consider it an additional qualification that would justify additional compensation.

46. The Commission's recommendation with respect to the euro, which would take effect on 1 January 2002, had been prompted by the need to adopt a consistent approach to the conversion of various common system emoluments when the euro became the official currency.

47. The Commission recommended the adoption of a new base/floor salary scale, which would be found in its report together with the annual financial implications resulting therefrom. It had considered that methodological issues pertaining to purchasing power equivalencies should be reviewed in the context of the pay and benefits review, because of the financial implications for duty stations where the existing post adjustment was less than the amount consolidated into the base/floor salary scale. With respect to the changing margin, it should be noted that it had steadily decreased since 1997 and the tax changes recently introduced by the United States would only make it decrease even further. Details of the base/floor salary and margin calculations could be found in the report.

48. He had informed the Geneva Group directors about the activities of the International Civil Service Commission and the ways in which it had changed its approach to its work, particularly regarding the review of the pay and benefits system. The Group had welcomed the Commission's new approach and had expressed its support for its new undertakings.

49. **Mr. Belov** (Programme Planning and Budget Division) drew attention to the fact that, in the statement submitted by the Secretary-General on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2001 (A/56/485), two scenarios were presented: one where the recommendations called for a decision by the General Assembly and one where they could be implemented simply by a decision of ICSC. The financial implications of the recommendations concerning the conditions of service of staff of the Professional and higher categories were considered in part II and those of the recommendations concerning the conditions of service applicable to the General Service and related categories in part III. Paragraph 21 summarized the financial implications, broken down for the biennium 2000-2001 (a total of $1.8 million) and for the biennium 2002-2003 ($7.8 million). According to the usual practice, the requirements pertaining to the current biennium would be taken into consideration when the costs were reassessed in connection with the budget performance report, and the requirements for the biennium 2002-2003 which related to immediately applicable decisions of ICSC or to recommendations that would have been approved by the General Assembly would be reflected in the final recosting of the proposed programme budget estimates for that biennium.

50. **Mr. Ronse** (Belgium) said that he was speaking on behalf of the European Union, the Central and Eastern European countries associated with the European Union (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia), the other associated countries (Cyprus, Malta and Turkey) and, in addition, Norway, a European Free Trade Association country member of the European Economic Area.

51. The European Union attached very great importance to the common system, which enabled the United Nations both to ensure the most equal treatment possible for its staff and to relieve the various

organizations of various administrative tasks. It approved the report of ICSC and welcomed the progress of the work it had been doing in connection with the framework for human resources management. It recommended that the General Assembly should adopt the revised standards of conduct as proposed by the Commission. It was following with interest the Commission's work on the pay and benefits system, and noted that the final report on the matter would be submitted to the General Assembly at its fifty-seventh session. Lastly, it recalled that a study which the Commission had begun on the strengthening of the international civil service was a useful element in the process of modernizing the management of human resources, and expressed regret that the work on that subject had not progressed thus far. It believed that a timetable could be set up to deal with that issue.

The meeting rose at 11.50 a.m.

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Summary record of the 25th meeting
Held at Headquarters, New York, on Wednesday, 7 November 2001, at 10 a.m.

Chairman: Mr. Orr (Vice-Chairman) ..... (Canada)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 127: United Nations common system (*continued*)

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01-62438 (E)

In the absence of Mr. Effah-Apenteng (Ghana), Mr. Orr (Canada), Vice-Chairman, took the Chair.

The meeting was called to order at 10.05 a.m.

Agenda item 127: United Nations common system (*continued*) (A/56/30 and A/56/485)

1. **Mr. Eguiguren** (Chile), speaking on behalf of the Rio Group, reiterated the importance of the United Nations common system and of the role of the International Civil Service Commission (ICSC) in the definition and coordination of the system. The Rio Group had a number of observations to make on the report of the International Civil Service Commission (A/56/30). Generally speaking, it endorsed the recommendations contained in the report and wished to reiterate its view that, in order for the organizations of the common system to attract the most qualified staff, they should offer the best possible conditions of service, which meant competitive conditions of service.

2. The Commission supported the effort that was being made to modernize human resources management in United Nations organizations and in the framework for human resources management, which was a very useful tool that had been introduced by the Commission in its 2000 report (A/55/30), and had annexed to its report updated standards of conduct for the international civil service, which had been drawn up in collaboration with the organizations of the common system and staff representatives. The Rio Group approved in principle the updated version.

3. In its review of the pay and benefits system, the Commission should take account of the framework for human resources management and, in accordance with the principles set out in its report, it should be guided by strict respect for the Noblemaire and Flemming principles. While greater flexibility was certainly needed in order to modernize the system and ensure its competitiveness, every effort should also be made to ensure it offered sufficient guarantees to staff, whose trust and dedication could be secured in that way.

4. Contractual arrangements should be adapted to the new realities, but should at the same time be geared towards attracting the most competent staff and ensuring that increased flexibility did not come at the expense of the necessary transparency and workforce stability. The Rio Group approved the taking of an inventory of the various types of contracts in current use and would like to see the completed inventory published in the report of the Commission.

5. The United Nations/comparator service net remuneration margin should be set at 12.2 per cent for 2001, a figure that was within the optimum range, but below the median point. That trend must therefore be followed closely, especially at the D-1 and D-2 levels.

6. With regard to the strengthening of the common system, the Rio Group wished to point out that in order to guarantee the transparency of the process, the mandate and membership of the Commission could not be reviewed without the full participation of the Commission and of Member States.

7. **Mr. Kendall** (Argentina) associated his delegation with the statement made by Chile on behalf of the Rio Group and stressed the importance of the Commission's work to the strengthening of the common system. His delegation noted with interest the Commission's review of the pay and benefits system, a review that was essential to the modernization of human resources management and helpful to the adoption of a comprehensive and global approach to the various elements of the system. It supported the objectives of the review as proposed by the Commission, including the establishment of a closer link between efficiency and compensation, provided, however, that the appraisal of professional conduct was transparent and that appropriate guarantees were offered to staff members. It was also important to study the various options for improving management capacity, with the aim being to attract competent management staff. Since the objective was to achieve a balance between competitiveness and flexibility on the one hand and a stable workforce on the other, it was also important for the organizations of the common system and staff representatives to participate actively in the debate so as to ensure that a consensus was reached on the measures that would be proposed.

8. The Argentine delegation was pleased that the updating of the standards of conduct for the international civil service was the fruit of collaboration with organizations and staff representatives. It hoped that the updated standards would be considered in informal meeting. It noted, moreover, that the net remuneration margin had been declining since 1997, to the detriment of United Nations staff, and hoped that the General Assembly would be kept informed of the future evolution of the margin. With regard to the

strengthening of the common system, his delegation was of the view that the objective of the review of the Commission's mandate and membership should be to maintain the quality of its work and that the review should be carried out in full transparency, which meant that Member States should be involved in the exercise.

9. **Ms. Sequeira** (Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA)), speaking in accordance with General Assembly resolution 35/213, said CCISUA had the impression that, far from respecting the nature of the United Nations, whose work was based on the objectives of the Charter, which were not quantifiable, the reform process undertaken by the Secretary-General — which only focused on competitiveness, cost-effectiveness and performance — reflected a corporate culture. However, the United Nations was not a multinational company. It was an organization that worked for the well-being of the whole world. Consequently, a reform that drew inspiration from what was being done in the private sector could not be applied wholesale.

10. The conditions of work of the staff, the main assets of the Organization, had been gradually eroded for about 20 years in terms of both benefits and tenure. The aim of CCISUA, which also worked for future generations of staff — since the United Nations would always need to attract and keep competent and motivated staff — was to participate in all the discussions concerning the future of the Organization.

11. CCISUA believed that there was a need to go back to basics. Thus, in order to recruit the most competent candidates needed to fulfil the Organization's objectives, the job requirements must be clearly spelled out in the vacancy announcements. Competent supervisors, who were themselves promoted or recruited on the basis of their qualifications and the objectives set, were needed to train the new recruits. In that regard, a workable career development plan designed to motivate staff could permit the selection of the most qualified managers from among the staff before envisaging external recruitment. A strategy for the use of available human resources needed to be put into place.

12. In order to retain the most competent staff, the organizations of the common system must motivate them; in particular, younger staff should be motivated by offering them training programmes that would enable them to satisfy their desire to move around. Mobility would be promoted if adequate benefits were offered. Older staff members had family constraints which were hardly conducive to mobility; yet they moved up in the hierarchy, thus running the risk of depriving other staff members, including the younger ones, of their experience when they were assigned to administrative positions. Social policy was another element that should be considered. The organizations of the common system should take the multicultural environment of the system into account and adapt their social policy to specific duty stations.

13. The salaries and benefits structure must take all those elements into account and any reform of human resources management must also safeguard the independence of the Secretariat, to which the staff was strongly attached.

14. The issue of contractual arrangements, which was yet to be considered by ICSC with the full participation of staff representatives, was linked to the need to recruit and retain the best staff members and to the independence of the Secretariat. There were currently many inconsistencies with respect to the granting of contracts and there was definitely a need to review the system. However, as far as the elimination of permanent contracts was concerned, the aim should be to get rid of staff who performed poorly. Care must be taken to ensure that the most competent staff was not lost. Moreover, there must be guarantees against the abuse of power on the part of supervisors.

15. CCISUA feared that mobility as planned in the human resources management reform would become a determining factor for promotion, as opposed to other factors of professional merit. In that regard, in order not to demoralize general service staff, they should be offered prospects of international transfers, to which they were currently not entitled.

16. Lastly, there must never be cost savings at the expense of the security, safety and health of staff. Concrete measures must be put into place on the ground, especially in remote locations; the Organization's image must be improved; and efforts must be made not only to ensure that staff were perceived as non-political but also to protect local staff.

17. **Mr. Grandjean** (Federation of International Civil Servants' Associations) supported the proposed increase in the base/floor salary scale. However, he drew attention to the long-standing need to restore

competitiveness to the salaries of United Nations officials, which still lagged behind those of other international organizations by as much as 50 per cent and pointed out that the pay gap between the comparator and the private sector in the United States of America remained at 32 per cent. The Federation of International Civil Servants' Associations (FICSA) also supported the recommended staff assessment rates. While it was in favour of the recommended new salary scales for General Service staff in Rome, it drew attention to the need to reintegrate the language factor into salary calculations.

18. With regard to the standards of conduct for the International Civil Service, FICSA was satisfied that an agreement had been reached, but it regretted the process that had been used, and hoped that in future decisions based on consensus would be respected. It was important for all staff to be familiar with the standards, so that they would be respected by everyone. Regarding the work of ICSC on contractual arrangements, the working paper provided at the summer session did not furnish enough relevant data. As for the substance, FICSA believed strongly that a proper balance between career and time-limited appointments was required.

19. It was time to address the long-standing problem caused by the margin. In grades P-5 to D-2, it had fallen below 10 per cent. FICSA supported a real increase in salaries to raise the margin to the agreed 15 per cent. It welcomed the increases in post adjustment across the headquarters duty stations, but pointed out that post adjustment was intended to provide purchasing power parity across duty stations, not to compensate for inadequate base salaries. It drew attention to the need to continue the regular biennial review of allowances while the review of the pay and benefits system was under way; the Federation intended to participate fully in that review. Noting that the key word for the review had shifted from "simplification" to "flexibility", he urged caution, particularly with regard to such innovations as "broadbanding" and the creation of a "Senior Executive Service", and stressed that flexibility and accountability went hand in hand. The principle of equity must not be sacrificed just to provide higher salaries for a select few.

20. FICSA requested Member States to call for the application of international labour standards within international organizations, and for the incorporation of those standards into their rules and regulations. It would also like to see all organizations develop new modalities for effective staff-management consultations and full staff participation in decisions on issues relating to human resources.

21. Since the two staff federations had resumed work with ICSC, the amendments to their rules concerning the consultative process and working arrangements should be implemented without delay. Lastly, FICSA called upon Member States to agree that the review of the mandate, membership and functioning of ICSC should be an integral component of the reform process under way.

22. **Mr. Nakkari** (Syrian Arab Republic) said he hoped that the Advisory Committee on Administrative and Budgetary Questions would soon present a report on the administrative and financial implications of the decisions and recommendations contained in the report of ICSC (A/56/485).

23. **The Chairman** said that he would transmit the Syrian delegation's request to the Chairman of the Advisory Committee.

The meeting rose at 10.45 a.m.

United Nations A/C.5/56/SR.26

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Chairman: Mr. Effah Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10.15 a.m.

Agenda item 123: Proposed programme budget for the biennium 2002-2003

Reformulated narrative of section 8 (Legal affairs) of the proposed programme budget for the biennium 2002-2003 (A/C.5/56/11/Rev.1)

Reformulated narrative of section 27 C (Office of Human Resources Management) of the proposed programme budget for the biennium 2002-2003 (A/C.5/56/10/Rev.1)

1. **Mr. Sach** (Director of the Programme Planning and Budget Division), introducing the revised text of the reformulated narrative of section 8 (Legal affairs) of the proposed programme budget for the biennium 2002-2003 (A/C.5/56/11/Rev.1), said that the mention of the point referred to in the report of the Committee for Programme and Coordination (CPC) (A/56/16) concerning subprogrammes 1 and 2 had been omitted from the narrative. The new text of the reformulated narrative related to subprogrammes 1, 2 and 3. He hoped that the revision would enable the Fifth Committee to reach agreement on the text.

2. Introducing the revised text of the reformulated narrative of section 27C (Office of Human Resources Management) of the proposed programme budget for the biennium 2002-2003 (A/C.5/56/10/Rev.1), he said that paragraph 2, subparagraph (b), had been revised and that paragraph 2, subparagraphs (f), (g), (h) and (i), did mention General Assembly resolution 55/258.

3. **Mr. Nakkari** (Syrian Arab Republic) said that his delegation had hoped that representatives of the Offices concerned would introduce the reformulated narratives since they related to mandated activities and not strictly budgetary aspects. He noted that a representative of the Office of Human Resources Management was present at the meeting, but regretted that the Office of Legal Affairs was not represented. With regard to the revised text of the reformulated narrative of section 8 (A/C.5/56/11/Rev.1), he pointed out that the Egyptian delegation had asked for a revised text that would reflect the recommendation of CPC mentioned in paragraph 120 of its report (A/56/16), which related to all the expected accomplishments and indicators of achievement of section 8, not only of some of the subprogrammes. He was indignant at the lack of courtesy of the Office of Legal Affairs and said he was concerned about the way in which it had followed up the recommendations of Member States; the Office was, moreover, particularly well placed to know how important it was to respect texts. The revised reformulated narrative of section 27C (Office of Human Resources Management), might serve as a basis for the Fifth Committee's consideration of the question. His delegation could not, however, accept the revised text for section 8 (A/C.5/56/11/Rev.1) and requested a new text which would really be aligned with the recommendation of CPC mentioned in paragraph 120 of its report.

4. **Mr. Sach** (Director of the Programme Planning and Budget Division) explained that the Office of Legal Affairs would certainly be represented during the informal consultations on the narrative with which it was concerned. He pointed out that the revised version of the text (A/C.5/56/11/Rev.1) was not limited to subprogrammes 1 and 2, but also related to subprogramme 3. The Secretariat thought that the text relating to the other subprogrammes could also be revised. The Committee might perhaps wish to study that aspect of the question in informal consultations, with the representative of the Office of Legal Affairs.

5. **Mr. Ramos** (Portugal) proposed that, if there was no objection, the two documents should be studied in the informal consultations of which he was the coordinator.

6. **Mr. Nakkari** (Syrian Arab Republic) explained that he was insisting because the question was important: it involved nothing less than a text aligned with the recommendations of CPC. The recommendation in paragraph 120 of the report of CPC (A/56/16) clearly related to all the subprogrammes of section 8 of the proposed programme budget. Consideration of the document in informal consultations should be based on a second revised version of document A/C.5/56/11; his delegation requested that a second revision should be issued so that the narrative of section 8 would be in conformity with the recommendation of CPC. The Office of Legal Affairs could not have a special exemption from compliance with the recommendations of CPC.

7. **Mr. Bouheddou** (Algeria) shared the view expressed by the Syrian delegation on the question of form. The Office of Legal Affairs should not resort to an intermediary to defend a text which concerned it; it

should come before the Fifth Committee to justify the new formulation submitted.

8. **Mr. Orr** (Canada) said that his delegation was not a member of CPC, a subsidiary organ of the Economic and Social Council, and that neither the Fifth Committee nor the General Assembly had yet endorsed its recommendations. Those recommendations would only be legally valid when they had been approved, and that might not happen before the Fifth Committee had finished considering the resolution on the proposed programme budget. It was in the context of the consideration of that resolution that the Committee would decide on the formulation of the narratives in question. It would therefore be preferable to consider the text of the reformulated narratives in informal consultations.

9. **The Chairman** said that, in view of the statements made by the Syrian representative and supported by the representative of Algeria, consideration of the two documents would be postponed until they had been discussed in informal consultations, so that the Committee could continue to work on the basis of consensus.

The meeting rose at 10.40 a.m.